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## SPECIFICATION

### TITLE OF INVENTION

InterNetLC Documentary Letter of Credit Internet Trade  
Transaction and Settlement System.

### CROSS-REFERENCE TO RELATED APPLICATIONS

Reference is made to U.S. Provisional Application Serial No. 60/239,561, Online Global Letters of Credit Transaction Management System. Provisional Application Serial No. 60/239,531 depends on unique transaction rules that a preferred embodiment of the invention implements when managing and processing a transaction. The InterNetLC Documentary Letter of Credit invention does not use these unique rules, but instead uses the International Chamber of Commerce, Paris, France, Uniform Customs and Practice for Documentary Credits (UCP). As such, it is a direct alternative for Commercial Letters of Credit that can be issued by a financial institution. In addition, the InterNetLC invention details the specific processes, methods, and data fields for its implementation.

STATEMENT REGARDING FEDERALLY SPONSORED RESEARCH OR  
DEVELOPMENT

Not Applicable

REFERENCE TO MICROFICHE APPENDIX

Not Applicable

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## BACKGROUND OF THE INVENTION

The commercial Documentary Letter of Credit is used in international and domestic trade to negotiate settlement upon the shipment of goods from a buyer to a seller. The traditional Letter of Credit is issued via telex (SWIFT) and negotiated with manually signed hardcopy transport documents mailed or couriered between the parties and the banks involved. This process is labor intensive and time consuming. These transactions are conducted under the guidelines of the International Chamber of Commerce, Paris, France, Uniform Customs and Practice for Documentary Credits (UCP). The complexity of Letter of Credit transactions is due in large part because the banks, countries of origin, and the parties involved use the system for purposes other than the settlement of the sale transaction. Often times the documents required for negotiation reflect unnecessary details of the sales transaction, are used to restrict ports of call, or control the packing materials coming into the country. Because of the use of manually signed hardcopy documents and above added complexity, the commercial Letter of Credit has not been able to be adapted to the Internet. That is until now.

The InterNetLC® Letter of Credit is completely online via the Internet and uses only HTML electronic documents for issuing, amending, assigning proceeds, submitting documents and negotiating settlement. It conforms to the guidelines of the UCP whereas other Internet products do not, and use unique rules for their implementation. It is an alternative to the traditional hardcopy Letter of Credit. The InterNetLC® will Internet enable trade finance worldwide for both import and export from and to any country.

## BRIEF SUMMARY OF THE INVENTION

The InterNetLC® Letter of Credit is an Internet alternative for Documentary Letter of Credit transactions. It is a trade finance instrument issued by a bank or corporation via Internet for the purchase and shipment of goods to a buyer. The InterNetLC® conforms to and is negotiable by the ICC Uniform Customs and Practices for Documentary Credits. The InterNetLC® is a secure payment method for transactions that require settlement upon shipment.

The InterNetLC® is negotiable with authenticated e-documents representing the transport Bill of Lading or Air Waybill, Rail Waybill, Straight Bill, Courier Receipt, Invoice, Packing List and Bill of Exchange that are equivalent with the document requirements specified in the InterNetLC® Letter of Credit.

The InterNetLC® transaction process: (1) the buyer and seller register with and agree to settle their transactions following the InterNetLC® Business Rules and ICC Uniform Customs and Practices for Documentary Credits, (2) the buyer places a InterNetLC® issued by a InterNetLC® licensed banking institution, (3) the seller ships the goods and submits digital authenticable e-documents of the ILC Transport Bill of Lading, ILC Invoice and ILC Packing list to for negotiation, and (4) the InterNetLC® is negotiated and payment is made to the seller and any assigned proceeds to third parties if the document contents are equivalent to the issued InterNetLC® requirements. The original transport documents are sent immediately upon shipment to the buyer by the seller or the freight forwarder to eliminate delays clearing customs.

InterNetLC® negotiation includes: (1) verifying the authentication of the submitted documents with digital identification; (2) comparing the documents equivalency with the issued InterNetLC®; (3) making payment minus fees if equivalent; (4) requesting buyer approval for making payment if not equivalent; (5) returning funds minus fees to the buyer if not approved and after the goods are returned; and (6) referring the transaction to arbitration in the event of a dispute between the buyer and seller. As with any Letter of Credit the InterNetLC® transaction does not concern itself in any way with the goods, shipment thereof, or contract performance, only with the required documents evidencing movement, value, content and time. The InterNetLC® Letter of Credit:

Conforms to the ICC Uniform Customs and Procedures  
Can be paid within 24 hours of document presentation  
Will not delay custom clearance waiting for original documents  
Will average less than 5% discrepant presentations  
Requires only Internet transmitted E-documents  
Is completely online and paperless  
Costs a fraction of traditional hardcopy Letters of Credit  
The InterNetLC® is fast, simple, secure and totally online.

## BRIEF DESCRIPTION OF THE SEVERAL VIEWS OF THE DRAWING

### Drawing No. 1: How the InterNetLC Works

Simple schematic of the InterNetLC process steps.

### Drawing No. 2: InterNetLC Concept

Presentation of the InterNetLC concept.

### Drawing No. 3: InterNetLC Label Data Field Cross Reference

List of data fields and their related forms.

### Drawing No. 4: InterNetLC Data Base Field Names

Computer field names of data fields.

### Drawing No. 5: InterNetLC Transaction HTML Forms

HTML form design and layout of each InterNetLC transaction form.

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Logic diagram and flow chart of InterNetLC functions.

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Drawing No. 1: How InterNetLC Letters of Credit Works

Drawing No. 2: InterNetLC Concept

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Drawing No. 6.0: Functional Product Workflow & Architecture

Appendix No. 1.0: ICC (UCP 500) Uniform Customs and Practice for Documentary Credits,  
Publication No. 500.

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## DETAILED DESCRIPTION OF THE INVENTION

### 1 INTERNETLC® DOCUMENTARY LETTER OF CREDIT INTERNET TRADE TRANSACTION SETTLEMENT SYSTEM.

InterNetLC(r)<sup>TM</sup> (ILC) is an Internet substitute for Documentary Letter of Credit transactions. It is cash or bank credit backed instrument issued by a bank via Internet for the purchase and shipment of goods to a buyer. The InterNetLC is negotiable by the ICC Uniform Customs and Practices for Documentary Credits.

InterNetLC<sup>TM</sup> is a secure payment method for sellers that demand payment upon shipment and for buyers that want to pay against transport documents. InterNetLC<sup>TM</sup> is payable by a bank with digital identification authenticated e-documents representing the transport Bill of Lading or Air Waybill, Rail Waybill, Straight Bill, Courier Receipt, Invoice, Packing List and Bill of Exchange that are equivalent with the document requirements specified in the InterNetLC<sup>TM</sup>.

InterNetLC<sup>TM</sup> can be used as an alternative to a Letter of Credit for international or domestic purchases. A InterNetLC<sup>TM</sup> is available to and from most countries and between any buyer and seller with Internet access.

InterNetLC<sup>TM</sup> transaction process: (1) the buyer and seller register with and agree to settle their transactions following the ICC Uniform Customs and Practices, (2) the buyer places a InterNetLC<sup>TM</sup> to a seller issued a banking institution, (3) the seller ships the goods and submits digital identification authenticable e-documents of the transport bill of lading, invoice and packing list to for negotiation, and (4) the InterNetLC<sup>TM</sup> is negotiated and payment is made to the seller and any assigned proceeds to third parties if the document contents are equivalent to the issued InterNetLC<sup>TM</sup> requirements. The original transport documents are sent immediately upon shipment to the buyer by the seller or the freight forwarder to eliminate delays clearing customs.

InterNetLC™ negotiation includes: (1) verifying the authentication of the submitted documents with digital identification; (2) comparing the documents equivalency with the issued InterNetLC™; (3) making payment minus fees if equivalent; (4) requesting buyer approval for making payment if not equivalent; (5) returning funds minus fees to the buyer if not approved and after the goods are returned; and (6) referring the transaction to arbitration in the event of a dispute between the buyer and seller. As with a Letter of Credit the InterNetLC™ transaction does not concern itself in any way with the goods, shipment thereof, or contract performance, only with the required documents evidencing movement, value and content.

## 2 THE INTERNETLC® PROCESS

### 2.1 General

The ILC provides an online trade transaction settlement method that provides an alternative to the traditional commercial Letters of Credit. It separates the settlement function from logistics, customs, payment, currency control and the myriad of other things that Letters of Credit are used for besides settlement. The system is precise and requires the parties involved in a trade transaction to follow its process and procedures. Its reward is fast payment to the seller, immediate available of transport documents to the buyer, and very low transaction costs with similar protections afforded by Letters of Credit.

### 2.2 Registration

The parties to the transaction must Register (REG) with the system and sign in (SIG) each time they need access. The Registration includes name, address, telephone numbers, and banking references. All parties to the transaction must provide banking references to be used in the “know you customer” procedures, and “anti-fraud” procedures. The system functions allowed to a registrant depend on the party’s function in each transaction. Buyers cannot assign proceeds or submit documents, and sellers cannot issue purchase orders or apply for InterNetLCs.

### 2.3 Basic Ordering Agreement

The buyer and seller must agree to a Basic Ordering Agreement (BOA) as the baseline for all transaction functions. This agreement contains all of the terms and conditions that are required to issue Purchase Orders, InterNetLCs, Amendments, Assignment Proceeds and Submit Documents. The terms and conditions cannot be altered during the transaction. Alterations and/or changes during the transaction result in discrepant document submittal if the change is a data element used in settlement.

### 2.4 Dynamic Purchase Order

The Dynamic Purchase Order (DPO) is used to confirm or negotiate the Purchase Order prior to its issue by the buyer. The DPO is a draft of the planned Purchase Order to the seller. When the seller accepts its terms, conditions, pricing, ship date and details, it becomes a Purchase Order and is then issued by the buyer to the seller.

### 2.5 Purchase Order

The Purchase Order (PO) is issued by the buyer and is either Accepted or Not Accepted by the seller. The PO is not used in the settlement process, but is used to define the sale and the amount of InterNetLC needed to support the settlement.

### 2.6 InterNetLC® Letter of Credit

The InterNetLC (ILC) is the buyer's alternative to a documentary Letter of Credit. The ILC is supported with either cash or a bank credit line, and is issued by a bank. It conforms to the International Chamber of Commerce Uniform Customs and Practices for Documentary Credits, Publication 500. The seller/beneficiary of the Credit receives the ILC online via the Internet, and

presents documents online via the Internet. The hardcopy originals are sent to the buyer at shipment the same as open account, while E-documents with the same information are sent to the issuing bank in html format. The ILC issuing bank will also participate as the advising bank, negotiation bank, and reimbursing bank.

## 2.7 Good Funds Request

The ILC requires cash or credit support with the issuing bank. Credit arrangements must be made with the issuing bank after application content approval and before issue to a beneficiary.

## 2.8 Amendment

An Amendment may be applied for by the buyer to the ILC issuing bank. A seller can only request an Amendment from the buyer, and if the buyer agrees, the buyer may then apply for the Amendment. The seller still has the option to "Accept" or "Not Accept" the Amendment after it is issued. The original ILC is irrevocable after issue unless agreed to by the buyer and seller, as such, the seller is not obligated to accept any changes via Amendment.

## 2.9 Assignment of Proceeds

The seller is the beneficiary of any proceeds of an InterNetLC. The seller may assign a part or all of the proceeds potentially due him to a 3<sup>rd</sup> party.

## 2.10 Negotiable Document Submittal

The required documents for InterNetLC negotiation are html E-documents that contain the actual information as the hard copy documents evidencing movement, value, content and usance (time to payment). The ILC E-document templates are retrieved from the ILC transaction database partially filled out with previously entered data from the buyer and seller. The remaining

information relating to actual shipment date, value, content and time is entered along with the requirement to edit differences between the previously entered data and actual data. The E-documents are then submitted online to the issuing and negotiation bank.

### 2.11 ILC Negotiation

InterNetLC negotiation of E-documents follows the UCP 500, and the same standards as a Documentary Letter of Credit.

### 2.12 Cash Management

Cash Management reports are available to keep track of payments made and pending negotiations.

## 3 REGISTRATION

### 3.1 Buyer Registration and Functions

The buyer registration sets up a name and company database that allows ILC buyer functions to include: Basic Ordering Agreements; Dynamic Purchase Orders; Purchase Orders; InterNetLCs; Amendments; Negotiations; and Cash Management Reports.

### 3.2 Seller Registration and Functions

The seller registration sets up a name and company database that allows ILC seller functions to include: Basic Ordering Agreements; Purchase Orders; InterNetLCs; Amendments; Assignment of Proceeds; Submittals; Negotiations; and Cash Management Reports.

### 3.3 Agent Registration and Functions

The agent registration sets up a name and company database that allows ILC agent functions to include: InterNetLCs; Amendments; Submittals; and Negotiations.

### 3.4 Logistics Registration and Functions

The logistics registration sets up a name and company database that allows ILC logistics functions to include: InterNetLCs; Submittals; and Negotiations.

### 3.5 Assignee Registration and Functions

The assignee registration sets up a name and company database that allows ILC assignee functions to include: InterNetLCs and Assignment of Proceeds.

### 3.6 Banker Registration and Functions

The banker registration sets up a name and company database that allows ILC bank functions to include: access to both buyer and seller side Basic Ordering Agreements; Dynamic Purchase Orders; Purchase Orders; InterNetLCs; Amendments; Assignment of Proceeds; Submittals; Negotiations; and Cash Management Reports.

### 3.7 Registration Application

#### 3.7.1 Your Name, Email Address and Password (Label)

#### 3.7.2 Name (Text) (Required Data)

#### 3.7.3 E-Mail Address

#### 3.7.4 Password

#### 3.7.5 Re-type Password

#### 3.7.6 Account Verification (Label)

#### 3.7.7 Security Question (Menu) (Required Data)

- 3.7.8 Your Answer
- 3.7.9 Company Information (Label)
- 3.7.10 Company Name
- 3.7.11 Address
- 3.7.12 Telephone No
- 3.7.13 Facsimile No
- 3.7.14 Bank Information (Label)
- 3.7.15 Bank Name (Text) Required Data)
- 3.7.16 Bank Address
- 3.7.17 Bank Account Name
- 3.7.18 Bank Account No
- 3.7.19 ABA/Transit No
- 3.7.20 Contract Name
- 3.7.21 Contact E-Mail Address
- 3.7.22 Telephone No
- 3.7.23 Facsimile No
- 3.7.24 AB - Terms of Use & Privacy Policy
- 3.7.25 AB - Submit

#### 4 BASIC ORDERING AGREEMENT

##### 4.1 General

The Basic Ordering Agreement is made between the buyer and the seller. The BOA contains all of the terms and conditions to begin and complete settlement of a transaction. The BOA terms and conditions define a specific relationship between the buyer and seller as to the description of goods, INCOTERM, logistics and mode of transportation. The BOA does not specific sales terms such as unit price or quantities. The BOA is in effect for a specified period of time, and may be renewed. The BOA is unique to the specified INCOTERM, mode of transport, insurance agreement, freight charges and tenor of payment, and instrument of payment. The BOA data is carried through all of the settlement documents and cannot be changed after agreement by the

buyer and seller to its terms and conditions. The buyer and seller can have as many Basic Ordering Agreements in place as they choice.

#### 4.1.1 Initiating a Basic Ordering Agreement.

Both must agree to its terms and conditions before it becomes active. If the buyer and seller choose to change the terms of their agreement, they must initiate another Basic Ordering Agreement.

A seller initiates a Basic Ordering Agreement by completing the buyer information in the BOA, and the payment and shipping terms and conditions to include: Ship to Destination, Ship to Address, Ship From Address, Method of Payment, ILC Terms, Incoterm, Ship Via, Insurance Covered By, Description of Goods and/or Services, and Type of Transport Lading Document.

A buyer initiates a Basic Ordering Agreement by completing the buyer information in the BOA, and the payment and shipping terms and conditions to include: Ship to Destination, Ship to Address, Ship From Address, Method of Payment, ILC Terms, Incoterm, Ship Via, Insurance Covered By, Description of Goods and/or Services, and Type of Transport Lading Document.

Freight Forwarder / Carrier Information. If the buyer or seller selects the Freight Forwarder or Carrier, this information must be entered by that party.

#### 4.1.2 Number of BOA's required.

There may be one to many Basic Ordering Agreements in place and currently active at the same time, each one defining different terms and conditions for a transaction. In general there should be different BOA for each buyer and seller combination, each Incoterm, each mode of transport, each shipping condition and each settlement term. The specific terms and conditions that require a different BOA include (but not limited to):

- a. The BOA is specific as to the seller, buyer, agent and bank references.



- b. The BOA is specific as to names, company names, addresses, email addresses and telephone or facsimile numbers spelling.
- c. The BOA is specific as to transportation mode; ocean, air, rail, truck or courier.
- d. The BOA is specific as to Incoterm; FOB, CIF, EXW, etc.
- e. The BOA is specific as to Freight Forwarder or Agent if specified.
- f. The BOA is specific as to shipping terms and conditions.
- g. The BOA is specific as to settlement terms.

#### 4.2 Basic Ordering Agreement Application

The buyer or seller selects either a blank application for a Basic Ordering Agreement, or a previous Agreement to be edited. They complete the buyer or seller side of the application, and at least the contact email of the other party. After completing the required data fields and the optional fields, the application is submitted to the other party for review and re-submittal to the originating party. If the entered information is not acceptable, the cycle continues until both side agree. After mutual agreement, the Basic Ordering Agreement becomes currently active, and can be used to initiate Dynamic Purchase Orders, InterNetLCs, Amendments, Assignments of Proceeds and Submittal of Documents.

##### 4.2.1 BOA Begin Date (dd MMM yy) (Required Data)

The effective date the buyer and seller chose to have the Basic Ordering Agreement terms and conditions begin. This date can be immediately or sometime in the future.

##### 4.2.2 BOA End Date (dd MMM yy) (Required Data)

The effective date the buyer and seller chose to have the Basic Ordering Agreement terms and conditions end. Normally terms are effective for at least one year from the BOA Begin Date.

##### 4.2.3 Reference (Text) (Not Required Data)

Remarks by the buyer or seller to be included as a reference to the Basic Ordering Agreement. This field is not required, and is not part of the terms and conditions agreed to between the parties.

#### 4.2.4 Buyer / Applicant Information (label)

#### 4.2.5 Buyer Name (Text) (Required Data)

Full name of the person authorized to issue Purchase Orders and apply for InterNetLCs for the company. Company or social titles should not be included, only the persons recognized or legal name.

4.2.6 Buyer Company Name (Text) (Required Data) Full company name of business to issue Purchase Orders and apply for InterNetLCs. The name should include the company's entity such as "Corp.", "Inc.", SA de CV", etc. The companies name should be related to the Buyer Bank Account Name either directly as a legal dba (doing business as), division, department, or subsidiary.

#### 4.2.7 Buyer Company Address (Text) (Required Data)

Buyer's company address. The address should include all pertinent details such as room number, city, state, country, and postal or zip code if any.

#### 4.2.8 Buyer Phone No (Country-Area/City-Local Number) (Required Data)

Buyer's telephone number.

#### 4.2.9 Buyer Fax No (Country-Area/City-Local Number) (Required Data)

Buyer's facsimile number.

#### 4.2.10 Buyer Web URL (<http://www.xxxxxx.com.xx>) (Not Required Data)

Buyer's World Wide Web IP address.

4.2.11 Buyer Email Address (xxxxxx@xxxxx.com.xx) (Required Data)

Buyer's email address.

4.2.12 Buyer Bank Account Name (Text) (Required Data)

Buyer's bank account name.

4.2.13 Buyer Bank Account No (Numeric) (Required Data)

Buyer's bank account number.

4.2.14 Buyer Bank ABA/Transit No (Numeric) (Required Data)

Buyer's bank American Banking Association (ABA) or wire transit number.

4.2.15 Buyer Bank Name (Text) (Required Data)

Buyer's bank name.

4.2.16 Buyer Bank Address (Text) (Required Data)

Buyer's bank address. The address should include all pertinent details such as room number, city, state, country, and postal or zip code if any.

4.2.17 Buyer Bank Phone No (Country-Area/City-Local Number) (Required Data)

Buyer's bank telephone number to include country, area and/or city code.

4.2.18 Buyer Bank Fax No (Country-Area/City-Local Number) (Required Data)

Buyer's bank facsimile number to include country, area and/or city code.

4.2.19 Buyer Bank Contact Email (xxxxxx@xxxx.com.xx)

Buyer's bank contact email address.

#### 4.2.20 SELLER/ BENEFICIARY INFORMATION (Label)

##### 4.2.21 Seller Name (Text) (Required Data)

Full name of the person authorized to accept Purchase Orders and submit InterNetLC E-documents for the Seller Company that is the beneficiary of the Credit.

##### 4.2.22 Seller Company Name (Text) (Required Data)

Full company name of business to receive Purchase Orders and submit InterNetLC E-documents. The Seller Company Name is the beneficiary or party in whose favor the Credit is to be issued, and the party that must comply with the terms and conditions of the Credit in order to be entitled to receive its proceeds. The name should include the company's entity such as "Corp.", Inc.", SA de CV", etc. The companies name should be related to the Buyer Bank Account Name either directly as a legal dba (doing business as), division, department, or subsidiary.

##### 4.2.23 Seller Company Address (Text) (Required Data)

Full company address of business to receive Purchase Orders and submit InterNetLC E-documents. The address should include all pertinent details such as room number, city, state, country, and postal or zip code if any.

##### 4.2.24 Seller Phone No (Country-Area/City-Local Number) (Required Data)

Seller's telephone number.

##### 4.2.25 Seller Fax No (Country-Area/City-Local Number) (Required Data)

Seller's facsimile number.

##### 4.2.26 Seller Web URL (<http://www.xxxxxx.com.xx>) (Not Required Data)

Seller's World Wide Web IP address.

##### 4.2.27 Seller Email Address (xxxxxx@xxxxx.com.xx) (Required Data)

Seller's email address.

4.2.28 Seller Bank Account Name (Text) (Required Data)

Seller's bank account name.

4.2.29 Seller Bank Account Number (Numeric) (Required Data)

Seller's bank account number.

4.2.30 Seller Bank ABA/Transit No (Numeric) (Required Data)

Seller's bank American Banking Association (ABA) or wire transit number.

4.2.31 Seller Bank Name (Text) (Required Data)

Seller's bank name.

4.2.32 Seller Bank Address (Text) (Required Data)

Seller's bank address.

4.2.33 Seller Bank Contact Name (Text) (Required Data)

Seller's bank telephone number to include country, area and/or city code.

4.2.34 Seller Bank Phone No (Country-Area/City-Local Number) (Required Data)

Seller's bank facsimile number to include country, area and/or city code,

4.2.35 Seller Bank Fax No (Country-Area/City-Local Number) (Required Data)

Seller's bank facsimile number to include country, area and/or city code.

4.2.36 Seller Bank Contact Email (xxxxxx@xxxxx.com.xx) (Required Data)

Seller's bank, contact email address.

4.2.37 FREIGHT FORWARDER/ CARRIER INFORMATION (label)

4.2.38 Freight Forwarder / Carrier Address (Text) (Not Required Data)

Freight Forwarder or Carrier's company address. The address should include all pertinent details such as room number, city, state, country, and postal or zip code if any.

4.2.39 Agent Name (Text) (Not Required Data)

Full name of the person or company authorized to submit InterNetLC E-documents for the Seller as the Seller's Agent.

4.2.40 Agent Telephone No (Country-Area/City-Local Number) (Not Required Data)

Agent's telephone number to include country, area and/or city code.

4.2.41 Agent Fax No (Country-Area/City-Local Number) (Not Required Data)

Agent's telephone number to include country, area and/or city code.

4.2.42 Agent Web URL (<http://www.xxxxxx.com.xx>) (Not Required Data)

Agent's World Wide Web IP address.

4.2.43 Agent Email Address (xxxxxx@xxxxx.com.xx) (Not Required Data) Agent's email address.

4.2.44 Agent Bank Account Name (Text) (Not Required Data) Agent's bank account name.

4.2.45 Agent Bank Account Number (Numeric) (Not Required Data)

Agent's bank American Banking Association (ABA) or wire transit number.

4.2.46 Agent Bank ABA/Transit No (Numeric) (Not Required Data)

Agent's bank American Banking Association (ABA) or wire transit number.



Online alternative to Documents Against Acceptance Collection

#### 4.2.59 InterNetLC® Clean Collection

Online alternative to Draft Against Payment or Clean Collection

#### 4.2.60 InternetLC Terms (label)

#### 4.2.61 Sight Plus Days After Shipping

Number of days after shipment the InterNetLC is to be paid. The shipment date is the same date as the Bill of Lading date, actual air shipment, actual rail shipment, actual straight shipment, or courier receipt date.

#### 4.2.62 Incoterm (Menu) (Required Data) (label)

International Commercial Term agreed to between the Buyer and Seller.

#### 4.2.63 EXW - Ex Works (... named place) (Ship, Air, Rail, Truck or Courier OK)

Goods are to be shipped from the “named place” by either ship, air, rail, truck or courier is acceptable.

#### 4.2.64 FCA - Free Carrier (...named place)

#### 4.2.65 FAS - Free Alongside Ship (...named port of shipment)

#### 4.2.66 FOB - Free On Board (...named port of shipment)

#### 4.2.67 CFR - Cost And Freight (...named port of destination)

#### 4.2.68 CIF -- Cost, Insurance And Freight (...named port of destination)

#### 4.2.69 CPT - Carriage Paid To (...named place of destination)

#### 4.2.70 CIP -- Carriage And Insurance Paid To (...named place of destination)

#### 4.2.71 DAF - Delivered At Frontier (...named place)

#### 4.2.72 DES - Delivered Ex Ship (...named port of destination)

#### 4.2.73 DEQ - Delivered Ex Quay (Duty Paid) (...named port of destination)



- 4.2.74 DDU - Delivered Duty Unpaid (...named place of destination)
- 4.2.75 DDP - Delivered Duty Paid (...named place of destination)
- 4.2.76 Ship Via (Menu) (Required Data)
- 4.2.77 Ocean - Goods are to be moved by sea
- 4.2.78 Air - Goods are to be moved by air
- 4.2.79 Truck - Goods are to be moved by truck
- Rail - Goods are to be moved by railroad
- 4.2.80 Courier - Goods are to be moved by expedited delivery service
- 4.2.81 Insurance Covered By (Menu) (Required Data) (label)
- 4.2.82 Buyer - Buyer is responsible for insurance
- 4.2.83 Seller - Seller is responsible for insurance
- 4.2.84 Shipments (Menu) (Required Data) (label)
- 4.2.85 Partial Shipment Allowed - Shipments less than complete are allowed with multiple negotiations
- 4.2.86 Transshipment Allowed - Goods may be transported by more than one vessel.  
Transshipment means unloading and reloading from one vessel to another vessel during the course of ocean carriage from the port of loading to the port of discharge stipulated in the Credit.
- 4.2.87 Description of Goods and/or Services  
General description of goods and/or services to be traded without unit prices or quantities or detailed description.
- 4.2.88 Authenticated Documents Required for Negotiation (Label)
- 4.2.89 Type of Transport Document (Menu) (Required Data) (label)
- 4.2.90 ILC Marine Bill of Lading
- 4.2.91 ILC Air Waybill
- 4.2.92 ILC Rail Waybill
- 4.2.93 ILC Straight Bill
- 4.2.94 ILC Courier Receipt
- 4.2.95 ILC Invoice
- 4.2.96 ILC Packing List

- 4.2.97 ILC Bill of Exchange
- 4.2.98 ILC Other Document
- 4.2.99 AB - Buyer Submits to Seller
- 4.2.100 AB - Buyer Agrees
- 4.2.101 AB - Buyer Not Agrees
- 4.2.102 AB - Seller Submits to Buyer
- 4.2.103 AB - Seller Agrees
- 4.2.104 AB - Seller Not Agrees
- 4.2.105 AB - Print to PDF
- 4.2.106 AB - Save to File

## 5 DYNAMIC PURCHASE ORDER

- 5.1 General
- 5.2 Dynamic Purchase Order Application
  - 5.2.1 Dynamic PO No (System Assigned) (Required Data)
  - 5.2.2 Dynamic PO Date (dd MMM yy) (Required Data)
  - 5.2.3 BOA Number (Required Data)
  - 5.2.4 Dynamic PO Amendment (As Required Data)
  - 5.2.5 DPO Amendment Date (As Required Data)
  - 5.2.6 Buyer / Applicant Information (Label)
  - 5.2.7 Buyer Name (Text) (Not Required)
  - 5.2.8 Buyer Company Name (Text) (Required Data)
  - 5.2.9 Buyer Company Address (Text) Required Data)
  - 5.2.10 Buyer Telephone No (Country-Area/City-Local Number) (Required Data)
  - 5.2.11 Buyer Fax No (Country-Area/City-Local Number) (Required Data)
  - 5.2.12 Buyer Web Site Address (Not Required)
  - 5.2.13 Buyer Email Notification (Required Data)
  - 5.2.14 Buyer Reference Information (Text) (Not Required)
  - 5.2.15 Seller / Beneficiary Information (Label)

- 5.2.16 Seller Name (Text) (Not Required)
- 5.2.17 Seller Company Name (Text) (Required Data)
- 5.2.18 Seller Company Address (Text) (Required Data)
- 5.2.19 Seller Telephone No (Country-Area/City-Local Number) (Required Data)
- 5.2.20 Seller Fax No (Country-Area/City-Local Number) (Required Data)
- 5.2.21 Seller Web Site Address (Not Required)
- 5.2.22 Seller Email Notification (Required Data)
- 5.2.23 Seller Reference Information (Text) (Not Required)
- 5.2.24 Shipment / Settlement Information (Label)
- 5.2.25 Buyer Ship to Destination (Text) (Required Data)
- 5.2.26 Buyer Ship to Address (Text) (Not Required)
- 5.2.27 Method of Payment - InterNetLC (Label)
- 5.2.28 DPO Currency (Menu) (Required)
- 5.2.29 DPO Value (Numeric) (Required)
- 5.2.30 DPO Amount in Words (System Assigned) (Required)
- 5.2.31 InterNetLC Terms (Menu) (Required)
- 5.2.32 Place of Issued (System Assigned) (Required)
- 5.2.33 Place of Presentation (System Assigned) (Required)
- 5.2.34 Ship Via (From BOA) (Required)
- 5.2.35 Insurance Covered By (From BOA) (Required)
- 5.2.36 Shipment Delivery Date (Not Required)
- 5.2.37 Incoterm (From BOA) (Required)
- 5.2.38 Description of Goods and/or Services (Text) (From BOA)
- 5.2.39 Purchase Order Details (Text) (Not Required)
- 5.2.40 Authenticated Documents Required for Negotiation (Label)
- 5.2.41 Type of I LC Transport Lading Document (From BOA) (Required)
- 5.2.42 ILC Invoice (Required)
- 5.2.43 ILC Packing List (Required)
- 5.2.44 ILC Bill of Exchange (Required)

5.2.45 ILC Other (Not Required) (Not Active)

5.2.46 AB - Send to Seller

5.2.47 AB - Seller Agrees

5.2.48 AB - Seller Not Agrees

5.2.49 AB - Print to PDF

5.2.50 AB - Save to File

## 6 PURCHASE ORDER

6.1 General

6.2 Purchase Order Fields

6.2.1 PO Number (System Assigned) (Required Data)

6.2.2 PO Date (dd MMM yy) (Required Data)

6.2.3 BOA Number (System Assigned) (Required Data)

6.2.4 PO Amendment (System Assigned) (Not Required)

6.2.5 PO Amendment Date (dd MMM yy) (Not Required Data)

6.2.6 Buyer / Applicant Information (Label)

6.2.7 Buyer Name (Text) (Not Required)

6.2.8 Buyer Company Name (Text) (Required Data)

6.2.9 Buyer Company Address (Text) Required Data)

6.2.10 Buyer Telephone No (Country-Area/City-Local Number) (Required Data)

6.2.11 Buyer Fax No (Country-Area/City-Local Number) (Required Data)

6.2.12 Buyer Web Site Address (Not Required)

6.2.13 Buyer Email Notification (Required Data)

6.2.14 Buyer Reference Information (Text) (Not Required)

6.2.15 Seller / Beneficiary Information (Label)

6.2.16 Seller Name (Text) (Not Required)

6.2.17 Seller Company Name (Text) (Required Data)

6.2.18 Seller Company Address (Text) Required Data)

6.2.19 Seller Telephone No (Country-Area/City-Local Number) (Required Data)

- 6.2.20 Seller Fax No (Country-Area/City-Local Number) (Required Data)
- 6.2.21 Seller Web Site Address (Not Required)
- 6.2.22 Seller Email Notification (Required Data)
- 6.2.23 Seller Reference Information (Text) (Not Required)
- 6.2.24 Shipment / Settlement Information (Label)
- 6.2.25 Buyer Ship to Destination (Text) (Required Data)
- 6.2.26 Buyer Ship to Address (Text) (Not Required)
- 6.2.27 Method of Payment - InterNetLC (Label)
- 6.2.28 PO Currency (Menu) (Required)
- 6.2.29 PO Value (Numeric) (Required)
- 6.2.30 PO Amount in Words (System Assigned) (Required)
- 6.2.31 InterNetLC Terms (Menu) (Required)
- 6.2.32 Place of Issued (System Assigned) (Required)
- 6.2.33 Place of Presentation (System Assigned) (Required)
- 6.2.34 Ship Via (From BOA) (Required)
- 6.2.35 Insurance Covered By (From BOA) (Required)
- 6.2.36 Shipment Delivery Date (Not Required)
- 6.2.37 Incoterm (From BOA) (Required)
- 6.2.38 Description of Goods and/or Services (Text) (From BOA)
- 6.2.39 Purchase Order Details (Text) (Not Required)
- 6.2.40 Authenticated Documents Required for Negotiation (Label)
- 6.2.41 Type of ILC Transport Lading Document (From BOA) (Required)
- 6.2.42 ILC Invoice (Required)
- 6.2.43 ILC Packing List (Required)
- 6.2.44 ILC Bill of Exchange (Required)
- 6.2.45 ILC Other (Not Required) (Not Active)
- 6.2.46 AB - Send to Seller
- 6.2.47 AB - Seller Accepts
- 6.2.48 AB - Seller Rejects

6.2.49 AB - Print to PDF

### 6.2.50 AB - Save to File

## 7 INTERNETLC® LETTER OF CREDIT

## 7.1 General

## 7.2 InterNetLC Application

### 7.2.1 BOA No (System Assigned) (Required Data)

### 7.2.2 Date of Latest Presentation (Label)

### 7.2.3 Date ILC Expires (dd MMM yy) (Required Data)

#### 7.2.4 Date Latest Shipment (dd MMM yy) (Required Data)

### 7.2.5 Reference Information (Not Required)

### 7.2.6 ILC Currency (Menu) (Required Date)

### 7.2.7 ILC Value (Numeric) (Required Data)

### 7.2.8 Processing Fee (Required Data)

### 7.2.9 Collateral Amount Required (Required Data)

#### 7.2.10 Buyer / Applicant Information (Label)

#### 7.2.11 Buyer Name (Text) (Not Required)

#### 7.2.12 Buyer Company Name (Text) (Required Data)

### 7.2.13 Buyer Company Address (Text) Required Data)

7.2.14 Buyer Telephone No (Country-Area/City-Local Number) (Required Data)

7.2.15 Buyer Fax No (Country-Area/City-Local Number) (Required Data)

7.2.16 Buyer Web Site Address (Not Required)

### 7.2.17 Buyer Email Notification (Required Data)

#### 7.2.18 Seller / Beneficiary Information (Label)

#### 7.2.19 Seller Name (Text) (Not Required)

#### 7.2.20 Seller Company Name (Text) (Required Data)

#### 7.2.21 Seller Company Address (Text) Required Data)

7.2.22 Seller Telephone No (Country-Area/City-Local Number) (Required Data)

7.2.23 Seller Fax No (Country-Area/City-Local Number) (Required Data)

7.2.24 Seller Web Site Address (Not Required)

- 7.2.25 Seller Email Notification (Required Data)
- 7.2.26 Shipment / Settlement Information
- 7.2.27 Buyer Ship to Destination (Text) (Required Data)
- 7.2.28 Buyer Ship to Address (Text) (Not Required)
- 7.2.29 Method of Payment - InterNetLC (Label)
- 7.2.30 InterNetLC Terms (Menu) (Required)
- 7.2.31 Incoterm (From BOA) (Required)
- 7.2.32 Description of Goods and/or Services (Text) (From BOA)
- 7.2.33 FREIGHT FORWARDER / CARRIER INFORMATION (label)
- 7.2.34 Freight Forwarder / Carrier Address (Text) (Not Required Data)
- 7.2.35 Agent Telephone No (Country-Area/City-Local Number) (Not Required Data)
- 7.2.36 Agent Fax No (Country-Area/City-Local Number) (Not Required Data)
- 7.2.37 Place of Issue (Assigned) (Required Data)
- 7.2.38 Place of Presentation (Assigned) (Required Data)
- 7.2.39 Ship Via (Required Data)
- 7.2.40 Insurance Covered By (Required Data)
- 7.2.41 Shipments
- 7.2.42 Partial Shipments Allowed (Assigned Option)
- 7.2.43 Transshipments Allowed (Assigned Option)
- 7.2.44 Authenticated Documents Required for Negotiation
- 7.2.45 Type of ILC Transport Lading Document (From BOA) (Required)
- 7.2.46 ILC Invoice (Required)
- 7.2.47 ILC Packing List (Required)
- 7.2.48 ILC Bill of Exchange (Required)
- 7.2.49 ILC Other (Not Required) (Not Active)
- 7.2.50 AB - Submit for Approval
- 7.2.51 AB - Application Approved
- 7.2.52 AB - Application Not Approved
- 7.2.53 AB - Request Good Funds

7.2.54 AB - Good Funds Received

7.2.55 AB - Issue ILC

7.2.56 AB - Edit Fields

7.2.57 AB - Print to PDF

7.2.58 AB - Save to File

## 8 GOOD FUNDS REQUEST

8.1 General

8.2 Cash Supported ILC

8.3 Credit Supported ILC

## 9 INTERNETLC® AMENDMENT

9.1 General

9.2 ILC Amendment Application

9.2.1 Original (Label)

9.2.2 ILC No (Numeric) (Required)

9.2.3 Date of Latest Presentation (dd MMM yy) (Required Data)

9.2.4 Date to be Issued (dd MMM yy) (Required Data)

9.2.5 BOA No. (System Assigned) (Required Data)

9.2.6 Reference Information (Text) (Not Required)

9.2.7 Amendments (Label)

9.2.8 ILC No (Assigned) (Required Data)

9.2.9 Date ILC Expires (dd MMM yy) (Required Data)

9.2.10 Date of Latest Shipment (dd MMM yy) (Required Data)

9.2.11 ILC Value (Numeric) (Required Data)

9.2.12 Processing Fee (Numeric) (Required Data)

9.2.13 ILC Total (Numeric) (Required Data)

9.2.14 Amend to (Label)

9.2.15 ILC Amendment No (Assigned)

9.2.16 Date ILC Expires

9.2.17 Date Latest Shipment



- 9.2.18 ILC Currency (Menu)
- 9.2.19 ILC Value (Numeric) (Required Data)
- 9.2.20 Processing Fee (Numeric) (Required Data)
- 9.2.21 ILC Total (Numeric) (Required Data)
- 9.2.22 Shipment Settlement Information (Label)
- 9.2.23 Ship to Destination (Text) (Required Data)
- 9.2.24 Ship to Address (Text) (Not Required Data)
- 9.2.25 Method of Payment (Menu) (Required)
- 9.2.26 InterNetLC Terms (Menu) (Required Data)
- 9.2.27 Incoterm (Menu) (Required Data)
- 9.2.28 Description of Goods and/or Services (Text) (Required Data)
- 9.2.29 Freight Forwarder / Carrier Information (Label)
- 9.2.30 Freight Forwarder / Carrier Address (Text) (Not Required)
- 9.2.31 Agent Phone No (Country-Area/City-Local Number) (Required Data)
- 9.2.32 Agent Fax No (Country-Area/City-Local Number) (Required Data)
- 9.2.33 Place of Issue (Fixed)
- 9.2.34 Place of Presentation (Fixed)
- 9.2.35 Ship Via (Menu) (Required Data)
- 9.2.36 Insurance Covered By (Required Data)
- 9.2.37 Shipments
- 9.2.38 Authenticated Documents Required for Negotiation (Label)
- 9.2.39 Type of ILC Transport Lading Document (From BOA) (Required)
- 9.2.40 ILC Invoice (Required)
- 9.2.41 ILC Packing List (Required)
- 9.2.42 ILC Bill of Exchange (Required)
- 9.2.43 ILC Other (Not Required) (Not Active)
- 9.2.44 AB - Submit for Approval
- 9.2.45 AB - Application Approved
- 9.2.46 AB - Application Not Approved

9.2.47 AB - Request Good Funds

9.2.48 AB - Good Funds Received

9.2.49 AB - Issue AMD

9.2.50 AB - Edit Fields

9.2.51 AB - Print to PDF

9.2.52 AB - Save to File

## 10 ASSIGNMENT OF PROCEEDS

### 10.1 General

### 10.2 Assignment of Proceeds Request

10.2.1 Assignment No (Assigned) (Required Data)

10.2.2 Assignment Date (dd MMM yy) (Assigned) (Required Data)

10.2.3 ILC No (Assigned) (Required Data)

10.2.4 Date ILC Expires (dd MMM yy) (Assigned) (Required Data)

10.2.5 Assigned Party Information (Label)

10.2.6 Assigned Name (Text) (Not Required)

10.2.7 Assigned Company Name (Text) (Not Required)

10.2.8 Assigned Company Address (Text) (Not Required)

10.2.9 Assigned Tel No (Country-Area/City- Local Number) (Not Required Data)

10.2.10 Assigned Fax No (Country-Area/City-Local Number) (Not Required Data)

10.2.11 Assigned Web URL (<http://www.xxxxxx.com.xx>) (Not Required Data)

10.2.12 Assigned Email Address (xxxxxx@xxxxx.com.xx) (Required Data)

10.2.13 Seller / Beneficiary Information (Label)

10.2.14 Seller Name (Text) (Required Data)

10.2.15 Seller Company Name (Text) (Required Data)

10.2.16 Seller Company Address (Text) (Required Data)

10.2.17 Seller Phone No (Country-Area/City-Local Number) (Required Data)

10.2.18 Seller Fax No (Country-Area/City-Local Number) (Required Data)

10.2.19 Seller Web URL (<http://www.xxxxxx.com.xx>) (Not Required Data)

10.2.20 Seller Email Address (xxxxxx@xxxxx.com.xx) (Required Data)

- 10.2.21 Assigned Party Bank Information (Label)
- 10.2.22 Assigned Currency
- 10.2.23 Amount to be Assigned
- 10.2.24 Amount in Words
- 10.2.25 Assigned Bank Account Name
- 10.2.26 Assigned Bank Account Number
- 10.2.27 Assigned Bank ABA / Transit Number
- 10.2.28 Assigned Bank Name
- 10.2.29 Assigned Bank Address
- 10.2.30 Assigned Bank Contact Name
- 10.2.31 Assigned Bank Tel No
- 10.2.32 Assigned Bank Fax No
- 10.2.33 Assigned Bank Contact Email
- 10.2.34 AB - Submit for Approval
- 10.2.35 AB - Application Approved
- 10.2.36 AB - Application Not Approved
- 10.2.37 AB - Edit Fields
- 10.2.38 AB - Print to PDF
- 10.2.39 AB - Save to File
- 11 ILC MARINE BILL OF LADING**
  - 11.1 General
  - 11.2 ILC Marine Bill of Lading E-document
- 12 ILC AIR WAYBILL**
  - 12.1 General
  - 12.2 ILC Air Waybill E-document
- 13 ILC RAIL WAYBILL**
  - 13.1 General
  - 13.2 ILC Rail Waybill E-document
- 14 ILC STRAIGHT WAYBILL**

- 14.1 General
- 14.2 ILC Straight Waybill E-document
- 15 ILC COURIER RECEIPT**
- 15.1 General
- 15.2 ILC Courier Receipt E-document
- 16 ILC PACKING LIST**
- 16.1 General
- 16.2 ILC Packing List E-document
- 17 ILC INVOICE**
- 17.1 General
- 17.2 ILC Invoice E-document
- 18 ILC BILL OF EXCHANGE**
- 18.1 General
- 18.2 ILC Bill of Exchange E-document
- 19 Shippers Letter of Instruction**
- 19.1 General
- 19.2 Shippers Letter of Instructions Fields
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# UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS

International Chamber of Commerce Publication No. 500, Effective January 1, 1994

## Introduction

The UCP 500 is the world standard for managing Documentary and Standby Letters of Credit between trading partners and their supporting banks and service companies.

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**GENERAL PROVISIONS AND DEFINITIONS**

**ARTICLE 1**

**Application of UCP**

The Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500, shall apply to all Documentary Credits (including to the extent to which they may be applicable, Standby Letter(s) of Credit) where they are incorporated into the text of the Credit. They are binding on all parties thereto, unless otherwise expressly stipulated in the credit.

**ARTICLE 2**

**Meaning of Credit**

For the purposes of these Articles, the expressions "Documentary Credit(s)" and "Standby Letter(s) of Credit" (hereinafter referred to as "Credit(s)"), mean any arrangement, however named or described, whereby a bank (the "Issuing Bank") acting at the request and on the instructions of a customer (the "Applicant") or on its own behalf,

i. is to make a payment to or to the order of a third party (the "Beneficiary"), or is to accept and pay bills of exchange (Draft(s)) drawn by the Beneficiary,

or

ii. authorizes another bank to effect such payment, or to accept and pay such bills of exchange (Draft(s)),

or

iii. authorizes another bank to negotiate, against stipulated document(s), provided that the terms and conditions of the Credit are complied with.

For the purposes of these Articles, branches of a bank in different countries are considered another bank.

**ARTICLE 3**

**Credits v. Contracts**

A. Credits, by their nature, are separate transactions from the sales or other contract(s) on which they may be based and banks are in no way concerned with or bound by such contract(s), even if any reference whatsoever to such contract(s) is included in the Credit. Consequently, the undertaking of a bank to pay, accept and pay Draft(s) or negotiate and/or to fulfil any other obligation under the Credit, is not subject to claims or defenses by the Applicant resulting from his relationships with the Issuing Bank or the Beneficiary.

B. A Beneficiary can in no case avail himself of the contractual relationships existing between the banks or between the Applicant and the Issuing Bank.

**ARTICLE 4**

**Documents v. Goods/Services/Performances**

In Credit operations all parties concerned deal with documents, and not with goods, services and/or other performances to which the documents may relate.

**ARTICLE 5**

**Instructions to Issue/Amend Credits**

A. Instructions for the issuance of a Credit, the Credit itself, instructions for an amendment thereto, and the amendment itself, must be complete and precise.

In order to guard against confusion and misunderstanding, banks should discourage any attempt:

i. to include excessive detail in the Credit or in any amendment thereto;

ii. to give instructions to issue, advise or confirm a Credit by reference to a Credit previously issued (similar Credit) where such previous Credit has been subject to accepted amendment(s), and/or unaccepted amendments(s).

B. All instructions for the issuance of a Credit and the Credit itself and, where applicable, all instructions for an amendment thereto and the amendment itself, must state precisely the document(s) against which payment, acceptance or negotiation is to be made.

**FORM AND NOTIFICATION OF CREDITS**

**ARTICLE 6**

**Revocable v. Irrevocable Credits**

A. A credit may be either

i. revocable

or

ii. irrevocable.

B. The Credit, therefore, should clearly indicate whether it is revocable or irrevocable.

C. In the absence of such indication the Credit shall be deemed to be irrevocable.

## ARTICLE 7

### Advising Bank's Liability

A. A Credit may be advised to a Beneficiary through another bank (the "Advising Bank") without engagement on the part of the Advising Bank, but that bank, if elects to advise the Credit, shall take reasonable care to check the apparent authenticity of the Credit which it advises. If the bank elects not to advise the Credit, it must so inform the Issuing Bank without delay.

B. If the Advising Bank cannot establish such apparent authenticity it must inform, without delay, the bank from which the instructions appear to have been received that it has been unable to establish the authenticity of the Credit and if it elects nonetheless to advise the Credit it must inform the Beneficiary that it has not been able to establish the authenticity of the Credit.

## ARTICLE 8

### Revocation of a Credit

A. A revocable Credit may be amended or cancelled by the Issuing Bank at any moment and without prior notice to the Beneficiary.

B. However, the Issuing Bank must:

i. reimburse another bank with which a revocable Credit has been made available for sight payment, acceptance or negotiation – for any payment, acceptance or negotiation made by such bank – prior to receipt by it of notice of amendment or cancellation, against documents which appear on their face to be in compliance with the terms and conditions of the Credit;

ii. reimburse another bank with which a revocable Credit has been made available for deferred payment, if such a bank has, prior to receipt by it of notice of amendment or cancellation, taken up documents which appear on their face to be in compliance with the terms and conditions of the Credit.

## ARTICLE 9

### Liability of Issuing and Confirming Banks

A. An irrevocable Credit constitutes a definite undertaking of the Issuing Bank, provided that the stipulated documents are presented to the Nominated Bank or to the Issuing Bank and that the terms and conditions of the Credit are complied with:

i. if the Credit provides for sight payment – to pay at sight;

ii. if the Credit provides for deferred payment – to pay on the maturity date(s) determinable in accordance with the stipulations of the Credit;

iii. if the Credit provides for acceptance;

a. by the Issuing Bank – to accept Draft(s) drawn by the Beneficiary on the Issuing Bank and pay them at maturity,

or

b. by another drawee bank – to accept and pay at maturity Draft(s) drawn by the Beneficiary on the Issuing Bank in the event the drawee bank stipulated in the Credit does not accept Draft(s) drawn on it, or to pay Draft(s) accepted but not paid by such drawee bank at maturity;

iv. if the Credit provides for negotiation – to pay without recourse to drawers and/or bona fide holders, Draft(s) drawn by the Beneficiary and/or documents(s) presented under the Credit. A Credit should not be issued available by Draft(s) on the Applicant. If the Credit nevertheless calls for Draft(s) on the Applicant, bank will consider such Draft(s) as an additional document(s).

B. A confirmation of an irrevocable Credit by another bank (the "Confirming Bank") upon the authorization or request of the Issuing Bank, constitutes a definite undertaking of the Confirming Bank, in addition to that of the Issuing Bank, provided that the stipulated documents are presented to the Confirming Bank or to any other Nominated Bank and that the terms and conditions of the Credit are complied with:

i. If the Credit provides for sight payment – to pay at sight;

ii. if the Credit provides for deferred payment – to pay on the maturity date(s) determinable in accordance with the stipulations of the Credit;

iii. if the Credit provides for acceptance:

a. by the Confirming Bank – to accept Draft(s) drawn by the Beneficiary on the Confirming Bank and Pay them at maturity,

or

b. by another drawee bank – to accept and pay at maturity Draft(s) drawn by the Beneficiary on the Confirming Bank, in the event the drawee bank stipulated in the Credit does not accept Draft(s) drawn on it, or to pay Draft(s) accepted but not paid by such drawee bank at maturity;

iv. if the Credit provides for negotiation – to negotiate without recourse to drawers and/or bona fide holders, Draft(s) drawn by the Beneficiary and/or document(s) presented under the Credit. A Credit should not be issued available by Draft(s) on the Applicant. If the Credit nevertheless calls for Draft(s) on



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the Applicant, bank will consider such Draft(s) as an additional document(s).

C. i. If another bank is authorized or requested by the Issuing Bank to add its confirmation to a Credit but is not prepared to do so, it must so inform the Issuing Bank without delay.

ii. Unless the Issuing Bank specifies otherwise in its authorization or request to add confirmation, the Advising Bank may advise the Credit to the Beneficiary without adding its confirmation.

D.i. Except as otherwise provided by Article 48, an irrevocable Credit can neither be amended nor cancelled without the agreement of the Issuing Bank, the Confirming Bank, if any, and the Beneficiary.

ii. The issuing Bank shall be irrevocably bound by an amendment(s) issued by it from the time of the issuance of such amendments(s). A Confirming Bank may extend its confirmation to an amendment and shall be irrevocably bound as of the time of its advice of the amendment. A confirming Bank may, however, choose to advise an amendment to the Beneficiary without extending its confirmation and if so, must inform the Issuing Bank and the Beneficiary without delay.

iii. The terms of the original Credit (or a credit incorporating previously accepted amendment(s) will remain in force for the Beneficiary until the Beneficiary communicates his acceptance of the amendments to the bank that advised such amendment to the bank that advised such amendment. The beneficiary should give notification of acceptance or rejection of amendment(s). If the Beneficiary fails to give such notification, the tender of documents to the Nominated Bank, that conforms to the Credit and to not yet accepted amendment(s) will be deemed to be notification of acceptance by the Beneficiary of such amendment(s) and as of that moment the Credit will be amended.

iv. Partial acceptance of amendments contained in one and the same advice of amendment is not allowed and consequently will not be given any effect.

## ARTICLE 10

### Types of Credits

A. All Credits must clearly indicate whether they are available by sight payments, by deferred payment, by acceptance or by negotiation.

B.i. Unless the Credit stipulates that it is available only with the Issuing Bank, all Credits must nominate the bank ("the Nominated Bank"), which is authorized to pay, to incur a deferred payment undertaking, to accept Draft(s) or to negotiate. In a freely negotiable Credit, any bank is a Nominated Bank.

Presentation of documents must be made to the Issuing Bank or the Confirming Bank, if any, or any other Nominated Bank.

ii. Negotiation means the giving of value for Draft(s) and/or document(s) by the bank authorized to negotiate. Mere examination of the documents without giving of value does not constitute a negotiation.

C. Unless the Nominated Bank is the Confirming Bank, nomination by the Issuing Bank does not constitute any undertaking by the Nominated Bank to pay, to incur a deferred payment undertaking, to accept Draft(s) or to negotiate. Except where expressly agreed to by the Nominated Bank and so communicated to the Beneficiary, the Nominated Bank's receipt of an/or examination and /or forwarding of the documents does not make that bank liable to pay, to incur a deferred payment undertaking, to accept Draft(s) or to negotiate.

D. By nominating another bank, or by allowing for negotiation by any bank, or by authorizing or requesting another bank to add its confirmation, the Issuing Bank authorizes such bank to pay, accept Draft(s) or negotiate as the case may be against documents which appear on their face to be in compliance with the terms and conditions of the Credit and undertakes to reimburse such bank in accordance with the provisions of these Articles.

## ARTICLE 11

### Teletransmitted and Pre-Advised Credits

A.i. When an Issuing Bank instructs an Advising Bank by an authenticated teletransmission to advise a Credit or an amendment to a Credit, the teletransmission will be deemed to be the operative amendment and no mail confirmation should be sent. Should a mail confirmation nevertheless be sent, it will have no effect and the Advising Bank will have no obligation to check such mail confirmation against the operative Credit instrument or the operative amendment received by the teletransmission.

ii. If the teletransmission states "full details to follow" (or words of similar effect) or states that the mail confirmation is to be the operative Credit instrument, then the teletransmission will not be deemed to be the operative Credit instrument or the operative amendment. The Issuing Bank must forward the operative Credit instrument or the operative amendment to such Advising Bank without delay.

B. If a bank uses the services of an Advising Bank to have the Credit advised to the Beneficiary, it must also use the services of the same bank for advising an amendment(s).

C. A preliminary advice of the issuance or amendment of an irrevocable Credit (pre-advice) shall only be given by an Issuing Bank if such bank is prepared to issue the operative credit instrument or the operative amendment thereto. Unless

otherwise stated in such preliminary advice by the Issuing Bank, an Issuing Bank having given such pre-advise shall be irrevocably committed to issue to amend the Credit, in terms not inconsistent with the pre-advice, without delay.

## ARTICLE 12

### Incomplete or Unclear Instructions

If incomplete or unclear instructions are received to advise, confirm or amend a credit, the bank requested to act on such instructions may give preliminary notification to the Beneficiary for information only and without responsibility. This preliminary notification should state clearly that the notification is provided for information only and without the responsibility of the Advising Bank. In any event, the Advising Bank must inform the Issuing Bank of the action taken and request it to provide the necessary information.

The Issuing Bank must provide the necessary information without delay. The Credit will be advised, confirmed or amended, only with complete and clear instructions have been received and if the Advising Bank is then prepared to act on the instructions.

## LIABILITIES AND RESPONSIBILITIES

## ARTICLE 13

### Standard for Examination of Documents

A. Banks must examine all documents stipulated in the Credit with reasonable care to ascertain whether or not they appear on their face to be in compliance with the terms and conditions of the Credit. Compliance of the stipulated documents on their face with the terms and conditions of the Credit shall be determined by international standard banking practice as reflected in these Articles. Documents which appear on their face to be inconsistent with one another will be considered as not appearing on their face to be in compliance with the terms and conditions of the Credit.

B. The Issuing Bank, the Confirming Bank, if any, or a Nominated Bank acting on their behalf, shall Each have a reasonable time, not to exceed seven banking days following the day of the receipt of the documents, to examine the documents and determine whether to take up or refuse the documents and to inform the party from which it received the documents accordingly.

C. If a Credit contains conditions without stating the document(s) to be presented in compliance therewith, banks will deem such conditions as not stated and will disregard them.

## ARTICLE 14

### Discrepant Documents and Notices

A. When the Issuing Bank authorizes another bank to pay, incur a deferred payment undertaking, accept Draft(s) or negotiate against documents which appears on their face to be in compliance with the terms and conditions of the Credit, the Issuing Bank and the Confirming Bank, if any are bound.

i. To reimburse the Nominated Bank which has paid, incurred or deferred payment undertaking, accepted Draft(s) or negotiated.

ii. to take up the documents.

B. Upon receipt of the documents the Issuing Bank and/or Confirming Bank acting on their behalf. Must determine on the basis of the documents alone whether or not they appear of their face to be in compliance with the terms and conditions of the Credit. If the documents appear on their face not to be in compliance with the terms and conditions of the Credit, such banks may refuse to take up the documents.

C. If the Issuing Bank determines that the documents appear on their face not to be in compliance with the terms and conditions of the Credit, it may in its sole judgement approach the Applicant for a waiver of the discrepancy(ies). This does not however extend the period mentioned in sub-Article 13.(b). This does not, however, extend the period mentioned in sub-Article 13 (b).

D.i. If the Issuing Bank and /or Confirming Bank, if any, or a Nominated Bank acting on their behalf, decides to refuse the documents, it must give notice to that effect by telecommunication or, it must give notice to that effect by telecommunications or, if that is not possible, by other expeditious means, without delay but no later than the close of the seventh banking day following the day of receipt of the documents. Such notice shall be given to the bank from which it received the documents, or to the Beneficiary, if it received the documents directly from him.

ii. Such notice must state all discrepancies in respect of which the bank refuses the documents and must also state whether is holding the documents at the disposal of, or is returning them to, the presenter.

iii. The Issuing Bank and /or Confirming Bank, if any, shall then be entitled to claim from the remitting bank refund, with interest, of any reimbursement which has been made to that bank.

E. If the Issuing Bank and/or Confirming Bank, if any, fails to act in accordance with the provisions of this Article and/or fails to hold the documents at the disposal of, or Confirming Bank, if any, shall be precluded from claiming that the

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documents are not in compliance with the terms and conditions of the Credit.

F. If the remitting bank draws the attention of the Issuing Bank and/or Confirming Bank, if any, to any discrepancy(ies) in the document(s) or advises such banks that it has paid, incurred a deferred payment undertaking, accepted Draft(s) or negotiated under reserve or against an indemnity in respect of such discrepancy(ies), the Issuing Bank and/or Confirming Bank, if any, shall not be thereby relieved from any of their obligations under any provision of this article. Such reserve or indemnity concerns only the relations between the remitting bank and the party towards whom the reserve was made, or from whom, or on whose behalf, the indemnity was obtained.

## ARTICLE 15

### Disclaimer on Effectiveness of Documents

Banks assume no liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any document(s), or for the general and/or superimposed thereon, nor do they assume any liability or responsibility for the description, quantity, weight, quality, condition, packing, delivery, value or existence of the goods represented by any document(s), or for the good faith or acts and/or omissions, solvency, performance or standing of the consignors, the carriers, the forwarders, the consignees or the insurers of the goods, or any other person whomever.

## ARTICLE 16

### Disclaimer on the Transmission of Messages

Banks assume no liability responsibility for the consequences arising out the delay, mutilation, or other error(s) arising in the transmission of any telecommunication. Banks assume no liability or responsibility for errors in translation and/or interpretation of technical terms and reserve the right to transmit Credit terms without translating them.

## ARTICLE 17

### Force Majeure

Banks assume no liability or responsibility for the consequences arising out of the interruption of their business by Acts of God, riots, civil commotion's, insurrections, wars or any other causes beyond their control, or by any strikes or lockouts. Unless specifically authorized, banks will not, upon resumption of their business pay, incur a deferred payment undertaking, accept Draft(s) or negotiate under Credits which expired during such interruption of their business.

## ARTICLE 18

### Disclaimer for Acts of an Instructed Party

A. Banks utilizing the services of another bank or other banks for the purpose of giving effect to the instructions of the Applicant do so for the account and at the risk of such Applicant.

B. Banks assume not liability or responsibility should the instructions they transmit not be carried out, even if they have themselves taken the initiative in the choice of such other bank(s).

C.i. A party instructing another party to perform services is liable for any charges, including commissions, fees costs or expenses incurred by the instructed party in connection with its instructions.

ii. Where a credit stipulates that such charges are for the account of a party other than the instructing party, and charges cannot be collected, the instructing party remains ultimately liable for the payment thereof.

D. The Applicant shall be bound by and liable to indemnify the banks again all obligations and responsibilities imposed by foreign laws and usages.

## ARTICLE 19

### Bank to Bank Reimbursement Instructions

A. If an Issuing Bank intends that the reimbursement to which a paying, accepting, or negotiating bank is entitled, shall be obtained by such bank (the "Claiming Bank") claiming on another party (the "Reimbursing Bank") it shall provide such Reimbursing Bank in good time with the proper instructions or authorization to honor such reimbursement claims.

B. Issuing Banks shall not require a Claiming Bank to supply a certificate of compliance with the terms and conditions of the Credit to the Reimbursing Bank.

C. The Issuing Bank shall not be relived from any of its obligations to provide reimbursement if and when reimbursement is not received by the Claiming Bank from the Reimbursing Bank.

D. The Issuing Bank shall be responsible to the Claiming Bank for any loss of interest if reimbursement is not provided by the Reimbursing Bank on first demand, or as otherwise specified in the Credit, or mutually agreed, as the case may be.

E. The Reimbursing Bank's charges should be for the account of the Issuing Bank. However, in cases where the charges are for the account of another party, it is the responsibility of the Issuing Bank to do indicate in the original credit and the

reimbursement authorization. In cases where the Reimbursing Bank's charges are for the account of another party they shall be collected from the Claiming Bank when the Credit is drawn under. In cases where the Credit is not drawn under, the Reimbursing Bank's charges remain the obligation of the Issuing Bank.

## **DOCUMENTS**

### **ARTICLE 20**

#### **Ambiguity as to the Issuers of Documents**

A. Terms such as "first class", "well known", "qualified", "independent", "official", "competent", "local", and the like, shall not be used to describe the issuers of any document(s) to be presented under a Credit. If such terms are incorporated in the Credit, banks will accept the relative document(s) as presented, provided that it appears on its face to be in compliance with the other terms and conditions of the Credit and not to have been issued by the Beneficiary.

B. Unless otherwise stipulated in the Credit, banks will also accept as an original document(s), a document(s) produced or appearing to have been produced.

i. by reprographic, automated or computerized systems:

ii. as carbon copies;

provided that it is marked as original and where necessary, appears to be signed.

A document may be signed by handwriting, by facsimile signature, by perforated signature, by stamp, by symbol, or by any other mechanical or electronic method of authentication.

C.i. Unless otherwise stipulated in the Credit, banks will accept as copy(ies), a document(s), either labelled copy or not marked as an original –a copy(ies) need not be signed.

ii. Credits that require multiple document(s) such as "duplicate", "two fold", two copies" and the like, will be satisfied by the presentation of one original and the remaining number in copies except where the document itself indicates otherwise.

D. Unless otherwise stipulated in the Credit, a condition under a Credit calling for a document to be authenticated, validated, legalized, certified or indicating a similar requirement will be satisfied by any signature, mark, stamp, or label on such document that on its face appears to satisfy the above condition.

### **ARTICLE 21**

#### **Unspecified Issuers or Contents of Documents**

When documents other than transport documents, insurance documents and commercial invoices are called for, the Credit should stipulate by whom such documents are to be issued and their wording or date content. If the Credit does not so stipulate, banks will accept such documents as presented, provided that their date content is not inconsistent with any other stipulated document presented.

### **ARTICLE 22**

#### **Issuance Date of Documents Vs. Credit Date**

Unless otherwise stipulated in the Credit, banks will accept a document bearing a date of issuance prior to that of the credit, subject to such document being presented within the time limits set out in the credit and in these Articles.

### **ARTICLE 23**

#### **Marine/Ocean Bill of Lading**

A. If a credit calls for a bill of lading covering a port-to-port shipment, banks will, unless otherwise stipulated in the Credit, accept a document, however named which:

i. appears on its face to indicate the name of the carrier and to have been signed or otherwise authenticated by:

- the carrier or a named agent for or on behalf of the carrier, or
- the master or a named agent for or on behalf of the master

Any signature or authentication of the carrier or the master, as the case may be. An agent signing or authenticating for the carrier or master must also indicate the name and the capacity of the party, i.e. carrier master, on whose behalf that agent is acting.

ii. indicates that the goods have been loaded on board, or shipped on a named vessel.

Loading on board or shipment on a named vessel may be indicated by pre-printed wording on the bill of lading that the goods have been loaded on board a named vessel or shipped on a named vessel, in which case the date of issuance of the bill of lading will be deemed to be the date of loading on board and the date of shipment.

In all other cases loading on board a named vessel must be evidenced by a notation on the bill of lading which gives the date on which the goods have been loaded on board, in which

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case the date of the board notation will be deemed to be the date of shipment.

If the bill of lading contains the indication "intended vessel" or similar qualification in relation to the vessel, loading on board a named vessel must be evidenced by an on board notation on the bill of lading which, in addition to the date on which the goods have been loaded on board, also includes the name of the vessel on which the goods have been loaded, even if they have been loaded even if they have been loaded on vessel named as the "intended vessel".

If the bill of lading indicates a place of receipt or taking in charge different from the port of loading, the on board notation must also included the port of lading stipulated in the Credit and the name of the vessel on which the goods have been loaded, even if they have been loaded on the vessel named in the bill of lading. This provision also applies whenever loading on board the vessel is indicated by pre-printing wording on the bill of lading,

and

i. indicates the port of loading and the port of discharge stipulated in the Credit, notwithstanding that it:

a. Indicates a place of taking in charge different from the port of loading and /or a place of final destination different from the port of discharge.

and /or

b. contains the indication "intended" or similar qualification in relation to the port of loading and /or ports of discharge, as long as the document also states the ports of loading and /or discharge stipulated in the Credit,

and

iv. consists of a sole original bill of lading, or if issued in more than one original. A full set as so issued

and

v. appears to contain all of the terms and conditions of carriage or some of such terms and conditions by reference to a source or document other than the bill of lading (short form/blank back bill of lading); banks will not examine the contents of such terms and conditions,

and

vi. contains no indication that it is subject to a charter party and /or no indication that the carrying vessel is propelled by sail only,

and

vii. In all other respects meets the stipulations of the Credit

B. For the purpose of this Article, transshipment means unloading and reloading from one vessel to another vessel during the course of ocean carriage from the port of loading to the port of discharge stipulated in the Credit.

C. Unless transshipment is prohibited by the terms of the Credit, banks will accept a bill of lading which indicates that the goods will be transshipped, provided that the entire ocean carriage is covered by one and the same bill of lading.

D. Even if the Credit prohibits transshipment, banks will accept a bill of lading which:

i. indicated that the transshipment will take place as long as the relevant cargo is shipped in Container(s), trailer(s) and/or "LASH" barge(s) as evidenced by the bill of lading, provided that the entire ocean carriage is covered by one and the same bill of lading,

and/or

ii. incorporates clauses stating that the carrier reserves the right to transship.

ARTICLE 24

Non-Negotiable Sea Waybill

A. If a Credit calls for a non-negotiable sea waybill covering a port-to-port shipment, banks will, unless Otherwise stipulated in the Credit, accept a document, however named, which:

i. Appears on its face to indicate the name of the carrier and to have been signed or otherwise authenticated by:

- the carrier or a named agent for or on behalf of the carrier, or
- the master or a named agent for or on behalf of the master,

Any signature or authentication of the carrier or master must be identified as a carrier or master, as the case may be. An agent signing or authenticating for the carrier or master must also indicate the name and capacity of the party i.e. carrier or master, on whose behalf that agent is acting,

and

ii. indicates that the goods have been loaded on board, or shipped on a named vessel.

Loading on board or shipment on a named vessel may be indicated by pre-printing wording on the non-negotiable sea waybill that the goods have been loaded on board a named vessel or shipped on a named vessel, in which case the date of

issuance of the non-negotiable sea waybill will be deemed to be the date of loading on board and the date of shipment.

In all other cases loading on board a named vessel must be evidenced by a notation on the non-negotiable sea waybill which gives the date on which the goods have been loaded on board, in which case the date of the on board notation will be deemed to be the date of shipment.

If the non-negotiable sea waybill contained the indication "intended vessel" or similar qualification in relation to the vessel, loading on board notation on the non-negotiable sea waybill which, in addition to the date on which the goods have been loaded on board, includes the name of the vessel on which the goods have been loaded, even if they have been loaded on the vessel named as the "intended vessel".

If the non-negotiable sea waybill indicates a place of receipt or taking in charge different from the port of loading, the on board notation must also include the port of loading, stipulated in the Credit and the name of the vessel on which the goods have been loaded, even if they have been loaded on a vessel named in the non negotiable sea waybill. This provision also applies whenever loading on board the vessel indicated by pre-printing wording on the non-negotiable sea waybill,

and

iii. indicates the port of loading and the port of discharge stipulated in the Credit, notwithstanding that it:

a. indicates a place of taking in charge different from the port of loading, and/or a place of final destination different from the port of discharge,

and /or

b. contains the indication "intended" or similar qualification in relation to the port of loading and/or port of discharge, as long as the document also states the ports of loading and/or discharge stipulated in the Credit,

and

iv. consists of a sale original non-negotiable sea waybill, or if issued in more than one original, the full set as so issued,

and

v. appears to contain all of the terms and conditions of carriage, or some of such terms and conditions by reference to a source or document other than the non-negotiable sea waybill (short form/blank back non-negotiable sea waybill) banks will not examine the contents of such terms and conditions,

and

vi. contains no indication that it is subject to a charter party and/or no indication that the carrying vessel is propelled by sail only,

and

vii. in all other respects meets the stipulation of the Credit.

**B.** For the purpose of this article, transshipment means unloading and reloading from one vessel to another vessel during the course of the ocean carriage from the port of loading to the port of discharge stipulated in the Credit.

**C.** Unless transshipment is prohibited by the terms of the Credit, banks will accept a non negotiable sea waybill which indicate that the good will be transhipped provided that the entire ocean carriage is covered by one and the same non-negotiable sea waybill

**D.** Even if the Credit prohibits transshipment, banks will accept a non-negotiable sea waybill which:

i. indicates that transshipment will take place as long as the relevant cargo is shipped in Container(s), Trailer(s) and or "LASH" barge(s) as evidenced by the non-negotiable sea waybill, provided that the entire ocean carriage covered by one and the same non-negotiable sea waybill,

and/or

ii. incorporates clauses stating that the carrier reserves the right to tranship.

## ARTICLE 25

### Charter Party Bill of Lading

**A.** If a Credit calls for or permits a charter party bill of lading, banks will, unless stipulated in the Credit, accept a document, however named, which:

i. contains any indication that it is subject to a charter part,

and

ii. appears on its face to have been signed or otherwise authenticated by:

- the master or a named agent for or on behalf of the master, or
- The owner or a named agent for on behalf of the owner.

Any signature or authentication of the master or owner must be identified as master or owner as the case may be. An agent signing or authenticating for the master or owner must also indicate the name and the capacity of the party i.e. master or owner, on whose behalf that agent is acting.

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and

iii. does not does not indicate the name of the carriers and

and

iv. indicates that the goods have been loaded on board or shipped on a named vessel.

Loading on board or shipment on a named vessel may be indicated by pre-printing wording on the bill of lading that the goods have been loaded on board a named vessel or shipped on a named vessel, in which case the date of issuance of the bill of lading will be deemed to be the date of loading on board and date of this shipment.

In all other cases, loading on board a named vessel must be evidenced by a notation on the bill of lading which give the date of which the goods have been loaded on board, or in which case the date of which the goods have been loaded on board. On which case the date of the on board notation will be deemed to be the date of shipment,

and

v. indicate the port of loading and the port of discharge stipulated in the Credit,

and

vi. consists of a sale original bill of lading or if issued in more than one original, the full set as so issued,

and

vii. contains no indication the carrying vessel is propelled by sail only,

and

B. Even if the Credit requires the presentation of a charter party contract in connection with charter party bill of lading banks will not examine such charter party contract, but will pass it on without responsibility on their part.

## ARTICLE 26

### Multimodal Transport Document

A. If a Credit calls for a transport document covering at least two different modes of transport (multimodal transport) banks will unless otherwise stipulated in the Credit, accept a document however named which:

i. appears on its face to indicate the name of the carrier or multimodal transport operator and to have been signed or otherwise authenticated by:

- the carrier or multimodal transport operator or a named agent for or on behalf of the carrier or multimodal transport operator, or
- the master or a named agent for or on behalf of the master.

Any signature or authentication of the carrier, multimodal transport operator or master must be identified as carrier, multimodal transport operator or master, as the case may be. An agent signing or authenticating for the carrier, multimodal transport operator or master must also indicate the name and the capacity of the party, i.e. carrier, multimodal transport operator or master, on whose behalf that the agent is acting.

and

ii. indicates that the goods have been dispatched, taken in charge or loaded on board.

Dispatch, taking in charge or loading on board may be indicated by wording to that effect on the multimodal transport document and the date of issuance will be deemed to be the date of dispatch, taking in charge or loading on board and the date of shipment. However, if the document indicates by stamp or otherwise a date of dispatch taking in charge or loading on board such date will be deemed to be the date of shipment,

and

iii.a. indicates the place of taking in charge stipulated in the Credit which may be different from the port, airport or place of loading and the place of final destination stipulated in the Credit which may be different from the port, airport or place of discharge,

and/or

b. contains the indication "intended" or similar qualification in relation to the vessel and /or port of loading and/or port of discharge.

and

iv. consists of a sole original multimodal transport document or, if issued in more than one original, the full set as so issued.

and

v. appears to contain all of the terms and conditions of carriage, or some of such terms and conditions by reference to a source or document other than the multimodal transport document (short form/blank back multimodal transport document); banks will not examine such contents of such terms and conditions and

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and

vi. contains no indication that it is subject to a charter party and/or no indication that the carrying vessel is propelled by sail only,

and

vii. in all other respects meets the stipulations of the Credit.

B. Even if the Credit prohibits transshipment, banks will accept a multimodal transport document which indicates that transshipment will or may take place, provided that the entire carriage is covered by one and the same multimodal transport document.

## ARTICLE 27

### Air Transport Document

A. If a Credit calls for an air transport document, banks will, unless otherwise stipulated in the Credit, accept a document however named which,

i. appears on its face to indicate the name of the carrier and to have been signed or otherwise authenticated by:

- the carrier, or
- a named agent of or on behalf of the carrier.

Any signature or authentication of the carrier must be identified as carrier. An agent signing or authenticating for the carrier must also indicate the name and the capacity of the party, i.e. carrier on whose behalf that agent is acting,

and

ii. indicates that the goods have been accepted for carriage,

and

iii. where the Credit calls for an actual date of dispatch, indicates a specific notation of such date, the date of dispatch so indicated on the air transport document will be deemed to be the date of shipment.

For the purpose of this Article, the information appearing in the box on the air transport document (marked, "For Carrier Use Only" or similar expression) relative to the flight number and date will not be considered as a specific notation of such date of dispatch.

In all other cases, the date of issuance of the air transport document will be deemed to be the date of shipment,

and

iv. indicates the airport of departure and the airport of destination stipulated in the Credit.

and

v. appears to the original for consignor/shipper even if the credit stipulates a full set of originals or similar expressions,

and

vi. appears to contain all of the terms and conditions of carriage, or some of such terms and conditions, but reference to a source or document other than the air transport document: banks will not examine the contents of such terms and conditions,

and

vii. in all other respects meets the stipulations of the Credit.

B. For the purpose of this article, transshipment means unloading and reloading from one aircraft during the course of carriage from the airport of departure to the airport of destination stipulated in the Credit.

C. Even if the Credit prohibits transshipment, banks will accept an air transport document which indicates that transshipment will or may take place provided that the entire carriage is covered by one and the same air transport document.

## ARTICLE 28

### Road, Rail or Inland Waterway Transport Documents

A. If a Credit calls for a road, rail or inland waterway transport document, banks will, unless otherwise stipulated in the Credit accept a document of the type called for, however named which:

i. appears on its face to indicate the name of the carrier and to have been signed or otherwise authenticated by the carrier or a named agent for or on behalf of the carrier and/or to bear a reception stamp or other indication of receipt by the carrier or a named agent for or on behalf of the carrier.

Any signature, authentication reception stamp or other indication of receipt of the carrier. An agent signing or authenticating for the carrier. An agent signing or authenticating for the carrier must also indicate the name and capacity of the party, i.e., carrier, on whose behalf that agent is acting.

and

ii. indicates that the goods have been received for shipment, dispatch or carriage or wording to this effect. The date of issuance will be deemed to be the date of the shipment unless



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the transport document contains a reception stamp, in which case the date of the reception stamp will be deemed to be the date of the shipment and

iii. indicates the place of shipment and the place of destination stipulated in the Credit,

and

iv. in all other respects meets the stipulation of the Credit,

**B.** In the absence of any indication on the transport document as to the numbers issued, banks will accept the transport document(s) presented as constituting a full set. Banks will accept as original(s) the transport document(s) whether marked as original(s) or not.

**C.** For the purpose of this Article, transshipment means unloading and reloading from one means of conveyance to another means of conveyance, in different modes of transport, during the course of carriage from the place of shipment to the place of destination stipulated in the Credit.

**D.** Even if the Credit prohibits transshipment, banks will accept a road, rail or inland waterway transport document which indicates that transshipment will or may take place, provided that the entire carriage is covered by one and the same transport document and within the same mode of transport.

## ARTICLE 29

### Courier and Post Receipts

**A.** If a Credit calls for a post receipt or certificate of posting, banks will, unless otherwise stipulated in the Credit, accept a post receipt or certificate of posting which:

i. appears on its face to have been stamped or otherwise authenticated and dated in the place from which the Credit stipulates the goods are to be shipped or dispatched and such date will be deemed to be the date of shipment or dispatch,

and

ii. in all other respects meets the stipulations of the Credit.

**B.** If a Credit calls for a document issued by a courier or expedited delivery service evidencing receipt of the goods for delivery, banks will, unless otherwise stipulated in the Credit, accept a document, however named, which:

i. appears on its face to indicate the name of the courier/service, and to have been stamped, signed or otherwise authenticated by such named courier/service (unless the Credit specifically calls for a document issued by a named

Courier/Service, banks will accept a document issued by any Courier/Service).

and

ii. indicates a date of pickup or of receipt or wording to this effect, such date being deemed to be the date of shipment or dispatch,

and

iii. in all other respects meets the stipulations of the Credit.

## ARTICLE 30

### Transport Documents issued by Freight Forwarders

Unless otherwise authorized in the Credit, banks will only accept a transport document issued by a freight forwarder if it appears on its face to indicate:

i. the name of the freight forwarder as a carrier or multimodal transport operator and to have been signed or otherwise authenticated by the freight forwarder as carrier or multimodal transport operator.

or

ii. the name of the carrier or multimodal transport operator and to have been signed or otherwise authenticated by the freight forwarder as carrier or multimodal transport operator.

## ARTICLE 31

### “On Deck”, “Shipper’s Load and Count”, Name of Consignor

Unless otherwise stipulated in the Credit, banks will accept a transport document which:

i. does not indicate, in the case of carriage by sea or by more than one means of conveyance including carriage by sea, that the goods are or will be loaded on deck. Nevertheless, banks will accept a transport document which contains a provision that the good may be carried on deck, provided that it does not specifically state that they are or will be loaded on deck,

and/or

ii. bears a clause on the face thereof such as “shipper’s load and count”, or “said by shipper to contain” or words of similar effect,

and/or

iii. indicates as the consignor of the goods a party other than the Beneficiary of the Credit.

## ARTICLE 32

### Clean Transport Documents

A. A clean transport document is one which bears no clause or notation which expressly declares a defective condition of the goods and/or the packaging.

B. Banks will not accept transport documents bearing such clauses or notation unless the Credit expressly stipulates the clauses or notation which may be accepted.

C. Banks will regard a requirement in a Credit for a transport document to bear the clause "clean on board" as compiled with if such transport document meets the requirements of this Article and of Articles 23,24,25,26,27,28, or 30.

## ARTICLE 33

### Freight Payable/Prepaid Transport Documents

A. Unless otherwise stipulated in the Credit, or inconsistent with any of the documents presented under the Credit, banks will accept transport documents stating that the freight or transportation charges. (Hereafter referred to as "freight") still have to be paid.

B. If a Credit stipulates that the transport document has to indicate that freight has been paid or prepaid, banks will accept a transport document on which words clearly indicating payment or prepayment of freight appear by stamp or otherwise, or on which payment or prepayment of freight is indicated by other means. If the Credit requires courier charges to be paid or prepaid banks will also accept a transport document issued by a courier or expedited delivery service evidencing that the courier charges are for the account of a party other than the consignee.

C. The words, "freight payable" or "freight to be prepaid" or words of similar effect, if appearing on transport documents, will not be accepted as constitutional evidence of the payment of the freight.

D. Banks will accept transport documents bearing reference by stamp or otherwise to costs additional to the freight, such as costs of, or disbursements incurred in connection with, loading, unloading or similar operations, unless the conditions of the Credit specifically prohibits such reference.

## ARTICLE 34

### Insurance Documents

A. Insurance documents must appear on their face to be issued and signed by insurance companies or underwriters or underwriters or their agents.

B. If the insurance document indicates that it has been issued in more than one original, all the originals must be presented unless otherwise authorized in the Credit.

C. Cover notes issued by brokers will not be accepted, unless specifically authorized in the Credit.

D. Unless otherwise stipulated in the Credit, banks will accept an insurance certificate or a declaration under an open cover pre-signed by insurance companies or underwriters or their agents, if a credit specifically calls for an insurance certificate or a declaration under an open cover, banks will accept, in lieu thereof, an insurance policy.

E. Unless otherwise stipulated in the credit, or unless it appears from the insurance documents that the cover is effective at the latest from the date of loading on board or dispatch or taking in charge of the goods, banks will not accept an insurance document which bears a date of issuance later than the date of loading on board or dispatch or taking in charge as indicated in such transport documents.

F.i. Unless otherwise stipulated in the Credit, the insurance document must be expressed in the same currency as the Credit.

ii. Unless otherwise stipulated in the Credit, the minimum amount for which the insurance document must indicate the insurance cover to have been effected is the CIF (cost, insurance and freight (...named port of destination", or CIP (carriage and insurance paid to (...named place of destination"), value of the goods, as the case may be, plus 10%, but only when the CIF or CIP value can be determined from the document on their face. Otherwise, banks will accept as such minimum amount 110% of the amount for which payment, acceptance or negotiation is requested under the Credit, or 110% of the gross amount of the invoice, whichever is the greater.

## ARTICLE 35

### Type of Insurance Cover

A. Credits should stipulate the type of insurance required and, if any, the additional risks which are to be covered. Imprecise terms such as "unusual risks" or "customary risks" shall not be used, if they are used banks will accept insurance documents as presented, without responsibility for any risks not being covered.

B. Failing specific stipulations in the Credit, banks will accept insurance documents as presented, without responsibility for any risks not being covered.

C. Unless otherwise stipulated in the Credit, banks will accept an insurance document which indicates that the cover is subject to a franchise or an excess (deductible)

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## Article 36

### All Risks Insurance Covers

Where a Credit stipulates "insurance against all risks", banks will accept an insurance document which contains any "all risks" notation or clause, whether or not bearing the heading "all risks" even if the insurance document indicates that certain risks are excluded, without responsibility for any risk(s) not being covered.

## ARTICLE 37

### Commercial Invoices

A. Unless otherwise stipulated in the Credit, commercial invoice:

i. must appear on their face to be issued by the Beneficiary named in the Credit, (except as provided in Article 48),

and

ii. must be made out in the name of the Applicant (except as provided in sub-article 48 (h)),

and

iii. need to be signed.

B. Unless otherwise stipulated in the Credit, banks may refuse commercial invoices issued for amounts in excess of the amount permitted by the Credit. Nevertheless, if a bank authorized to pay, incur a deferred payment, accept Draft(s), or negotiate under a Credit accepts such invoices, its decision will be binding upon all parties, provided that such bank has not paid, incurred a deferred payment undertaking accepted Draft(s) or negotiated for an amount in excess of that permitted by the Credit.

C. The description of the goods in the commercial invoice must correspond with the description in the Credit. In all other documents the goods may be described in general terms not inconsistent with the description of the goods in the Credit.

## ARTICLE 38

### Other Documents

If a Credit calls for an attestation or certification of weight in the case of transport other than by sea, banks will accept a weight stamp or declaration of weight which appears to have been superimposed on the transport document by the carrier or his agent unless the Credit specifically stipulated that the attestation or certification of weight must be by means of a separate document.

## MISCELLANEOUS PROVISIONS

## ARTICLE 39

### Allowances in Credit Amount, Quantity and Unit Price.

A. The words "about", "approximately", "Circa" or similar expressions used in connection with the amount of the credit or the quantity of the unit price stated in the Credit are to be construed as allowing a difference not to exceed 10% more or 10% less than the amount or the quantity or the unit price to which they refer.

B. Unless a Credit stipulates that the quantity of the goods specified must not be exceeded or reduced, a tolerance of 5% more or 5% less will be permissible, always provided that the amount of the drawing does not exceed the amount of the Credit. This tolerance does not apply when a Credit stipulates the quantity in terms of a stated number of packing units or individual items.

C. Unless a Credit which prohibits partial shipments stipulates otherwise, or unless sub-Article (b) above is applicable, a tolerance of 5% less in the amount of the drawing will be permissible, provided that if the Credit stipulates the quantity of the goods, such quantity of goods is shipped in full, and if the Credit stipulates a unit price, such price is not reduced. This provision does not apply when expressions referred to in sub-article (a) above are used in the Credit.

## ARTICLE 40

### Partial Shipments/Draws

A. Partial drawing and/or shipments are allowed, unless the Credit stipulates otherwise.

B. Transport documents which appear on their face to indicate that shipment has been made on the same means of conveyance and for the same journey, provided they indicate the same destination, will not be regarded as covering partial shipments, even if the transport documents indicate different dates of shipment and /or different ports of loading, places of taking in charge, or dispatch.

C. Shipments made by posts or by courier will not be regarded as partial shipments if the post receipts or certificates of posting or couriers receipts or dispatch notes appear to have been stamped, signed or otherwise authenticated in the place from which the Credit stipulates the goods are to be dispatched and on the same date.

## ARTICLE 41

### Installment Shipments/Drawings

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If drawings and/or shipments by installments within given periods are stipulated in the Credit and any installment is not drawn and/or shipped within the period allowed for that installment, the Credit ceases to be available for that and any subsequent installments, unless otherwise stipulated in the Credit.

### ARTICLE 42

#### Expiry Date and Place for Presentation of Documents

A. All Credits must stipulate an expiry and a place for presentation of documents for payment, acceptance or with the exception of freely negotiable Credits, a place for presentation for documents for negotiation. An expiry date stipulated for payment, acceptance or negotiation will be construed to express an expiry date for presentation of documents.

B. Except as provided in sub-article 44 (A) documents must be presented on or before such expiry date:

C. If an Issuing Bank states that the Credit is to be available "for one month", "for six months", or the like, but does not specify that date from which the time is to run. Banks should discourage indication of the expiry date of the Credit in this manner.

### ARTICLE 43

#### Limitation on the Expiry Date

A. In addition to stipulating an expiry date for presentation of documents every Credit which calls for a transport document(s) should also stipulate a specified period of time after the date of shipment during which presentation must be made in compliance with the terms and conditions of the Credit. If no such period of time is stipulated, banks will not accept documents presented to them later than 21 days after the date of shipment. In any event, documents must be presented not later than the expiry date of the Credit.

B. In cases in which sub-Article 40 (B) applies, the date of the shipment will be considered to be the latest shipment date on any of the transport documents presented.

### ARTICLE 44

#### Extension of Expiry Date

A. If the expiry date of the Credit and/or the last day of the period of time for presentation of documents stipulated by the Credit or applicable by virtue of Article 43 falls on a day on which the bank to which presentation has to be made is closed for reasons other than those referred to in Article 17, the stipulated expiry date and/or the last day of the period of time after the date of shipment for presentation of documents, as

the case may be, shall be extended to the first following day on which such bank is open.

B. The latest date for shipment shall not be extended by reason of the extension of the expiry date and/or the period of time after the date of shipment for presentation of documents in accordance with sub-Article (A) above. If no such latest date for shipment is stipulated in the Credit or amendments thereto, banks will not accept transport documents indicating a date of shipment later than the expiry date stipulated in the Credit or amendments thereto.

C. The bank to which presentation is made on such first following business day must provide a statement that the documents were presented within the time limits extended in accordance with sub-article 44 (A) of the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500.

### ARTICLE 45

#### Hours of Presentation

Banks are under no obligation to accept presentation of documents outside their banking hours.

### ARTICLE 46

#### General Expressions as to Dates for Shipment

A. Unless otherwise stipulated in the Credit, the expression "shipment" used in stipulating an earliest and/or date for shipment will be understood to include expressions such as "loading on board", "dispatch", "accepted for carriage", "date of post receipt", "date of pickup" and the like and the case of a Credit calling for a multimodal transport document the expression "taking in charge".

B. Expressions such as "prompt", "immediately", "as soon as possible", and the like should not be used. If they are used banks will disregard them.

C. If the expression, "on or about" or similar expressions are used, banks will interpret them as a stipulation that the shipment is to be made during the period from five days before to five days after the specified date, both end days included.

### ARTICLE 47

#### Date Terminology for Periods of Shipment

A. The words "to", "until", "till", "from", and words of similar applying to any date or period in the Credit referring to shipment will be understood to include the date mentioned.

B. The word "after" will be understood to exclude the date mentioned.

C. The terms "first half", "second half", of a month shall be construed as the 1<sup>st</sup> to 15<sup>th</sup>, and the 16<sup>th</sup> to the last day of such month, all dates inclusive.

D. The terms "beginning", "middle" or "end" of a month shall be construed respectively as the 1<sup>st</sup> to the 10<sup>th</sup>, the 11<sup>th</sup> to the 20<sup>th</sup> and the 21<sup>st</sup> to the last day of such month, all dates inclusive.

## **TRANSFERABLE CREDIT**

### **ARTICLE 48**

#### **Transferable Credit**

A. A transferable Credit is a Credit under which the Beneficiary (First Beneficiary) may request the bank authorized to pay, incur a deferred payment undertaking accept or negotiate the (Transferring Bank) or in the case of a freely negotiable Credit, the bank specifically authorized in the Credit as Transferring Bank to make the credit available in whole or in part to one or more other Beneficiary(ies) (Second Beneficiary(ies)).

B. A Credit can be transferred only if it is expressly designated as "transferable", by Issuing Bank. Terms such as "divisible", "fractionable", "assignable", and "transmissible" do not render the Credit transferable. If such terms are used they shall be disregarded.

C. The Transferring Bank shall be under no obligation to effect such obligation to effect such transfer except to the extent and in the manner expressly consented to by such bank.

D. At the time of making a request for transfer and prior to transfer of the credit, the First Beneficiary must irrevocably instruct the Transferring Bank whether or not he retains the right to refuse to allow the Transferring Bank to advise amendments to the Second Beneficiary(ies). If the Transferring Bank consents to the transfer, advise the Second Beneficiary(ies). If the Transferring Bank consents to the transfer under these conditions, it must, at the time of transfer, advise the Second Beneficiary(ies) of the First Beneficiary(ies) instructions regarding amendments.

E. If a Credit is transferred to more than one Second Beneficiary(ies) refusal of an amendment by one or more Second Beneficiary(ies) does not invalidate the acceptance(s) by the other Second Beneficiary(ies) with respect to whom the Credit will be amended accordingly. With respect to the Second Beneficiary(ies) who rejected the amendment, the Credit will remain unamended.

F. Transferring Bank charges in respect of transfers including commissions, fees, costs, or expenses are payable by the First

Beneficiary unless otherwise agreed. If the Transferring Bank agrees to transfer the Credit it shall be under no obligation to effect the transfer until such charges are paid.

G. Unless otherwise stated I the Credit, a transferable Credit can be transferred once only. Consequently, the Credit cannot be transferred at the request of the Second Beneficiary to any subsequent Third Beneficiary. For the purpose of this article, a retransfer to the first Beneficiary does not constitute a prohibited transfer.

Fractions of a transferable Credit (not exceeding in the aggregate amount of the Credit) can be transferred separately, provided partial shipment/drawings are not prohibited and the aggregate of such transfers will be considered as constituting only one transfer of the Credit.

H. The Credit can be transferred only on the terms and conditions specified in the original credit with the exception of:

- the amount of the Credit,
- any unit price stated therein,
- the expiry date,
- the last date of presentation of documents in accordance with Article 43,
- the period of the shipment,

any or all of which may be reduced or curtailed.

The percentage for which insurance cover must be effected may be increased in such a way as to provide the amount of cover stipulated in the original credit or these Articles.

In addition, the name of the First Beneficiary can be substituted for that of the Applicant but if the name of the Applicant is specifically required by the original credit to appear in any documents(s) other than the invoice, such requirement must be fulfilled.

I. The First Beneficiary has the right to substitute his own invoice(s) and (Draft(s)) for those of the Second Beneficiary(ies) for amount not in excess of the original amount stipulated in the Credit and for the original unit price if stipulated in the Credit, and upon such substitution of invoice(s) (and Draft(s)) the First beneficiary can draw under the Credit for the difference, if any, between his invoice(s) and the Second Beneficiary(ies) invoice(s).

When a Credit has been transferred and the First Beneficiary is to supply his own invoice(s) (and Draft (s)) in exchange for the Second Beneficiary(ies) invoice(s) (and Draft(s)) but fails to do so on first demand, the Transferring Bank has the right to deliver to the Issuing Bank the documents received under the transferred Credit, including the Second Beneficiary(ies) invoice(s) (and Draft(s)) without further responsibility to the First Beneficiary.

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J. The First Beneficiary may request that payment or negotiation be effected to the Second Beneficiary the place to which the Credit has been transferred up to and including the expiry date of the Credit, unless the original Credit expressly states that it may not be made available for payment or negotiation at a place other than that stipulated in the Credit. This is without prejudice to the First Beneficiary's right to substitute subsequently his own invoice(s) (and Draft(s)) for those of the Second Beneficiary(ies) and to claim any difference due to him,

#### ASSIGNMENT OF PROCEEDS

#### ARTICLE 49

##### Assignment of Proceeds

The fact that a Credit is not stated to be transferable shall not affect the Beneficiary's right to assign any proceeds to which he may be, or may become, entitled under such Credit, in accordance with the provisions of the applicable law. This Article relates only to the assignment of proceeds and not to the assignment of the right to perform under the Credit itself.

#### ICC ARBITRATION

Contracting parties that wish to have the possibility of resorting to International Chamber of Commerce Arbitration in the event of a dispute with their contracting partner should specifically and clearly agree upon ICC Arbitration in their contract or, in the event no single contractual document exists, in the exchange of correspondence which constitutes the agreement between them. The fact of issuing a letter of credit subject to the UCP 500 does NOT by itself constitute an agreement to have resort to ICC Arbitration. The following standard arbitration clause is recommended by the ICC:

"All disputes arising in connection with the present contract shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules".